Assembly Bill No. 779

CHAPTER 914

An act to amend Sections 44501, 44502, 44520, and 44526 of, and to add and repeal Sections 44525.5 and 44525.6 of, the Health and Safety Code, relating to pollution.

[Approved by Governor September 29, 2000. Filed with Secretary of State September 29, 2000.]

LEGISLATIVE COUNSEL'S DIGEST

AB 779, Torlakson. Pollution.

Existing law contains legislative findings regarding the necessity that the state, in cooperation with the federal government, use all practical means and measures to control, remediate, and eliminate pollution hazards to the environment, including developing new and alternative processes and facilities that provide for the disposal of waste products, as provided.

Existing law authorizes the California Pollution Control Financing Authority to finance various pollution control projects to control and eliminate pollution hazards to the environment.

This bill would authorize the authority, until January 1, 2007, to provide grants and loans to assist California neighborhoods suffering from high poverty or unemployment levels, or from low-income levels, to assist cities and counties in developing and implementing growth policies and programs that reduce pollution hazards and the degradation of the environment, or in promoting infill development to revitalize these communities. The bill would require the authority to fund these grants and loans from any funds available to the authority or set aside for the authority's administrative expenses. The bill would limit to \$2,500,000 the amount that may be awarded in grants and loans. The bill would authorize the authority to charge reasonable application and project fees to reimburse the authority for costs incurred in administering the applications for grants and loans authorized by the bill.

The bill also would require the authority, commencing in 2002, and annually thereafter, to submit a report to the Legislature regarding the program.

This bill would incorporate additional changes in Sections 44501, 44502, 44520, and 44526 of the Health and Safety Code proposed by SB 1986, to become operative only if both bills are enacted and become operative on or before January 1, 2001, and this bill is enacted last.

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The people of the State of California do enact as follows:

SECTION 1. Section 44501 of the Health and Safety Code is amended to read:

44501. (a) The Legislature hereby finds and declares that it is necessary and essential that the state, in cooperation with the federal government, use all practical means and measures to control, remediate, and eliminate pollution hazards to the environment. The Legislature further finds and determines that industry within this utilizes processes and facilities that have significant environmental impact. These processes and facilities shall be supplemented to meet the quality established and to be established for the control and remediation of environmental pollution. Industry needs and requires new methods to finance the capital outlays required for the devices, equipment, and facilities utilized in pollution control if they are to rapidly comply with the quality standards established by the state and federal governments, and if they are to rapidly remediate contaminated properties so that those properties can be reused for economically beneficial purposes.

- (b) The Legislature also finds and declares that the disposal of waste products by such current methods as incineration and landfill pollute the environment by degrading air and water quality. The Legislature further finds that in order to reduce the environmental pollution that currently occurs in connection with the disposal of waste products, there is a need to develop new and alternative processes and facilities that provide for the disposal of those waste products in ways that prevent or reduce environmental degradation. The Legislature also finds that those new and alternative processes and facilities include those that recover resources and energy from waste products. The Legislature further finds and declares that in order to prevent further environmental degradation resulting from contamination caused by the release of waste products and hazardous materials, there is a need to encourage the remediation of that contamination of properties with the potential for economically beneficial reuse.
- (c) The alternate method of financing provided in this division is in the public interest and serves a public purpose and will promote the health, welfare, and safety of the citizens of the State of California.
- (d) The Legislature also finds and declares that California is expected to undergo tremendous population growth by the addition of an estimated five million new jobs, 12 million new residents, and over four million new households over the next 20 years. This constitutes more rapid growth than California experienced during the 1950's, 1960's, and 1970's, combined. The Legislature also finds that as a result of this unprecedented growth, the long-term environmental quality of the state depends, in part, on altering

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current growth patterns by adopting policies and programs that promote new forms of sustainable development and that will help reduce pollution and the degradation of the environment. The Legislature also finds that a key element of sustainable development is infill development and the revitalization of existing communities. development will result in the remediation of brownfields, reduce traffic and auto pollution, and help preserve open spaces. The Legislature also finds that many communities in California do not have the resources or expertise to identify and compete for state, federal, or private assistance in order to develop and implement environmentally sensitive growth policies economically struggling neighborhoods. Legislature further finds and declares that assisting economically distressed cities and counties to develop and implement sustainable and environmentally sensitive growth policies and programs that increase the utilization of unproductive properties within existing communities will help reduce environmental hazards created by brownfields and traffic congestion, while aiding in the revitalization of economically struggling neighborhoods and the preservation of open space at the urban edges. The grant and loan program provided in this division is in the public interest, serves a public purpose, and will promote the health, welfare, and safety of the citizens of the State of California.

SEC. 1.5. Section 44501 of the Health and Safety Code is amended to read:

44501. (a) The Legislature hereby finds and declares that it is necessary and essential that the state, in cooperation with the federal government, use all practical means and measures to control, remediate, and eliminate pollution hazards to the environment. The Legislature further finds and determines that industry within this state utilizes processes and facilities that have significant environmental impact. These processes and facilities shall be and supplemented to meet the quality established and to be established for the control and remediation of environmental pollution. Industry needs and requires new methods to finance the capital outlays required for the devices, equipment, and facilities utilized in pollution control if they are to rapidly comply with the quality standards established by the state and federal governments, and if they are to rapidly remediate contaminated properties so that those properties can be reused for economically beneficial purposes.

(b) The Legislature also finds and declares that the disposal of waste products by such current methods as incineration and landfill pollute the environment by degrading air and water quality. The Legislature further finds that in order to reduce the environmental pollution that currently occurs in connection with the disposal of waste products, there is a need to develop new and alternative

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processes and facilities that provide for the disposal of those waste products in ways that prevent or reduce environmental degradation. The Legislature also finds that those new and alternative processes and facilities include those that recover resources and energy from waste products. The Legislature further finds and declares that in order to prevent further environmental degradation resulting from contamination caused by the release of waste products and hazardous materials, there is a need to encourage the remediation of that contamination of properties with the potential for economically beneficial reuse.

- (c) The alternate method of financing provided in this division is in the public interest and serves a public purpose and will promote the health, welfare, and safety of the citizens of the State of California.
- (d) The Legislature also finds and declares that California is expected to undergo tremendous population growth by the addition of an estimated five million new jobs, 12 million new residents, and over four million new households over the next 20 years. This constitutes more rapid growth than California experienced during the 1950's, 1960's, and 1970's, combined. The Legislature also finds that as a result of this unprecedented growth, the long-term environmental quality of the state depends, in part, on altering current growth patterns by adopting policies and programs that promote new forms of sustainable development and that will help reduce pollution and the degradation of the environment. The Legislature also finds that a key element of sustainable development is infill development and the revitalization of existing communities. Sustainable development will result in the remediation of brownfields, reduce traffic and auto pollution, and help preserve open spaces. The Legislature also finds that many communities in California do not have the resources or expertise to identify and compete for state, federal, or private assistance in order to develop and implement environmentally sensitive growth policies struggling neighborhoods. programs for economically Legislature further finds and declares that assisting economically distressed cities and counties to develop and implement sustainable and environmentally sensitive growth policies and programs that increase the utilization of unproductive properties within existing communities will help reduce environmental hazards created by brownfields and traffic congestion, while aiding in the revitalization of economically struggling neighborhoods and the preservation of open space at the urban edges. The grant and loan program provided in this division is in the public interest, serves a public purpose, and will promote the health, welfare, and safety of the citizens of the State of California.
- (e) (1) The Legislature also finds and declares that real property contaminated with hazardous substances is a continuing blight on communities. Estimates suggest there are between 67,000 and

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119,000 contaminated sites, commonly referred to as "brownfields," throughout the state. Located in existing communities, many of these sites are abandoned, idle, or underutilized due to a combination of factors, including legal liability concerns, regulatory issues, and the costs of pollution cleanup. Additionally, many of the undeveloped brownfields in the state are located within communities with depressed land values and pressing economic need, communities often characterized by a lack of capital investment. The remediation and development of brownfields is an important component of revitalizing existing communities and supporting sustainable growth patterns. While remediation and development activities should focus on brownfield sites that, although contaminated, have the potential for economically beneficial reuse, there currently exist few, if any, sources for financing the assessment, planning, and reporting activities that are the necessary first steps toward determining whether a site has the potential for economically beneficial reuse.

- (2) The Legislature finds and declares that the California Pollution Control Financing Authority should work in conjunction with public and private sector entities, including, but not limited to, cities, counties, school districts, redevelopment agencies, and financial institutions, to assist in financing through loans, the costs of performing or obtaining site assessments, remedial action plans and reports, and technical assistance, and, where it is determined that a site has the potential for economically beneficial reuse, the cleanup, remediation, or development of brownfield sites. The loan program provided by this division is in the public interest, serves a public purpose, and will promote the health, welfare, and safety of the citizens of the State of California.
- SEC. 2. Section 44502 of the Health and Safety Code is amended to read:
- 44502. It is the purpose of this division to carry out and make effective the findings of the Legislature and to that end to do both of the following, to the mutual benefit of the people of the state and to protect their health and welfare:
- (a) To provide industry within the state, irrespective of company size, with an alternative method of financing in providing, enlarging, and establishing pollution control facilities that are needed to accomplish the purposes of this division.
- (b) To assist economically distressed counties and cities to develop and implement growth policies and programs that reduce pollution hazards and the degradation of the environment or promote infill development.
- SEC. 2.5. Section 44502 of the Health and Safety Code is amended to read:
- 44502. It is the purpose of this division to carry out and make effective the findings of the Legislature and to that end to do all of

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the following, to the mutual benefit of the people of the state and to protect their health and welfare:

- (a) To provide industry within the state, irrespective of company size, with an alternative method of financing in providing, enlarging, and establishing pollution control facilities that are needed to accomplish the purposes of this division.
- (b) To assist economically distressed counties and cities to develop and implement growth policies and programs that reduce pollution hazards and the degradation of the environment or promote infill development.
- (c) To assist with the financing of the costs of assessment, remedial planning and reporting, technical assistance, and the cleanup, remediation, or development of brownfield sites, or other similar or related costs.
- SEC. 3. Section 44520 of the Health and Safety Code is amended to read:
- 44520. (a) The authority shall, in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, adopt all necessary rules and regulations to carry out its powers and duties under this division. The authority may call upon any board or department of the state government for aid and assistance in the preparation of plans and specifications and in the development of technology necessary to effectively control pollution.
- (b) Notwithstanding subdivision (a), the authority, or any other agency implementing a small business financing assistance program pursuant to an interagency agreement with the authority, may adopt regulations relating to small business financing as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of that Chapter 3.5, including Section 11349.6 of the Government Code, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding subdivision (e) of Section 11346.1 of the Government Code, the regulations shall be repealed 180 days after their effective date, unless the adopting agency complies with that Chapter 3.5, as provided in subdivision (e) of Section 11346.1 of the Government Code.
- (c) Notwithstanding subdivision (a), the authority, or any other agency implementing a loan program pursuant to an interagency agreement with the authority, may adopt regulations relating to the loans authorized under subdivision (g) of Section 44526 as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of that Chapter 3.5, including Section 11349.6 of the Government Code, the adoption of the

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regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding subdivision (e) of Section 11346.1 of the Government Code, the regulations shall be repealed 180 days after their effective date, unless the adopting authority or agency complies with that Chapter 3.5, as provided in subdivision (e) of Section 11346.1 of the Government Code.

- SEC. 3.5. Section 44520 of the Health and Safety Code is amended to read:
- 44520. (a) The authority shall, in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, adopt all necessary rules and regulations to carry out its powers and duties under this division. The authority may call upon any board or department of the state government for aid and assistance in the preparation of plans and specifications and in the development of technology necessary to effectively control pollution.
- (b) Notwithstanding subdivision (a), the authority, or any other agency implementing a small business or brownfield site financing assistance program pursuant to an interagency agreement with the authority, may adopt regulations relating to small business or brownfield site financing as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of that Chapter 3.5, including Section 11349.6 of the Government Code, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding subdivision (e) of Section 11346.1 of the Government Code, the regulations shall be repealed 180 days after their effective date, unless the adopting authority or agency complies with that Chapter 3.5, as provided in subdivision (e) of Section 11346.1 of the Government Code.
- (c) Notwithstanding subdivision (a), the authority, or any other agency implementing a loan program pursuant to an interagency agreement with the authority, may adopt regulations relating to the loans authorized under subdivision (g) of Section 44526 as regulations accordance in with Chapter (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. For purposes of that Chapter 3.5, including Section 11349.6 of the Government Code, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding subdivision (e) of Section 11346.1 of the Government Code, the regulations shall be repealed 180 days after their effective date, unless the adopting

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authority or agency complies with that Chapter 3.5, as provided in subdivision (e) of Section 11346.1 of the Government Code.

- SEC. 4. Section 44525.5 is added to the Health and Safety Code, to read:
- 44525.5. (a) The authority may also charge reasonable application and project fees to reimburse the authority for costs incurred in administering applications for grants and loans authorized by subdivision (e) of Section 44526.
- (b) This section shall not become operative if Senate Bill 1986 of the 1999–2000 Regular Session is enacted after Assembly Bill 779 of the 1999–2000 Regular Session and adds subdivision (g) to Section 44526.
- SEC. 4.5. Section 44525.5 is added to the Health and Safety Code, to read:
- 44525.5. (a) The authority may also charge reasonable application and project fees to reimburse the authority for costs incurred in administering applications for loans authorized by subdivision (g) of Section 44526.
- (b) This section shall become operative only if Senate Bill 1986 of the 1999–2000 Regular Session is enacted after Assembly Bill 779 of the 1999–2000 Regular Session and adds subdivision (g) to Section 44526.
- SEC. 5. Section 44525.6 is added to the Health and Safety Code, to read:
- 44525.6. (a) Commencing in 2002, and annually thereafter, the authority shall submit a report to the Legislature regarding the loan and grant program described in subdivision (e) of Section 44526 describing the total amount of loans and grants awarded pursuant to subdivision (e) of Section 44526 in the previous calendar year, the amount of each loan or grant awarded, and a description of the programs awarded funding.
- (b) This section shall not become operative if Senate Bill 1986 of the 1999–2000 Regular Session is enacted after Assembly Bill 779 of the 1999–2000 Regular Session and adds subdivision (g) to Section 44526.
- (c) This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2007, deletes or extends that date.
- SEC. 5.5. Section 44525.6 is added to the Health and Safety Code, to read:
- 44525.6. (a) Commencing in 2002, and annually thereafter, the authority shall submit a report to the Legislature regarding the loan program described in subdivision (g) of Section 44526 describing the total amount of loans issued pursuant to subdivision (g) of Section 44526 in the previous calendar year, the amount of each loan issued, and a description of the programs awarded funding.

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- (b) This section shall become operative only if Senate Bill 1986 of the 1999–2000 Regular Session is enacted after Assembly Bill 779 of the 1999–2000 Regular Session and adds subdivision (g) to Section 44526.
- (c) This section shall remain in effect only until January 1, 2007, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2007, deletes or extends that date.
- SEC. 6. Section 44526 of the Health and Safety Code is amended to read:
 - 44526. The authority is authorized:
- (a) To determine the location and character of any project to be financed under the provisions of this division, to lend financial assistance to any participating party, to construct, reconstruct, renovate, replace, lease, as lessor or lessee, and regulate the same, and to enter into contracts for the sale of any pollution control facilities, including installment sales or sales under conditional sales contracts, and to make loans to participating parties to lend financial assistance in the acquisition, construction, or installation of a project.
- (b) To issue bonds, notes, bond anticipation notes, and other obligations of the authority for any of its corporate purposes, and to fund or refund the same, all as provided in this division.
- (c) To fix fees and charges for pollution control facilities, and to revise from time to time those fees and charges, and to collect rates, rents, fees, and charges for the use of and for any facilities or services furnished, or to be furnished, by a project or any part thereof and to contract with any person, partnership, association, corporation, or public agency with respect thereto, and to fix the terms and conditions upon which any pollution control facilities may be sold or disposed of, whether upon installment sales contracts or otherwise.
- (d) To employ and fix the compensation of bond counsel, financial consultants, and advisers as may be necessary in its judgment in connection with the issuance and sale of any bonds, notes, bond anticipation notes, or other obligations of the authority; to contract for engineering, architectural, accounting, or other services of appropriate agencies as may be necessary in the judgment of the authority for the successful development of any project; and to pay the reasonable costs of consulting engineers, architects, accountants, and construction experts employed by any participating party if, in the judgment of the authority, those services are necessary to the successful development of any project, and those services are not obtainable from any public agency.
- (e) To provide grants and loans to any city or county deemed eligible by the authority. The grants and loans shall be used to assist California neighborhoods suffering from high poverty or unemployment levels, or from low-income levels, to assist cities and counties in developing and implementing growth policies and programs that reduce pollution hazards and the degradation of the

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environment, or in promoting infill development to revitalize these communities. The grants and loans may be used to employ the technical expertise necessary to identify, assess, and complete applications for state, federal, and private economic assistance programs that develop and implement sustainable development and sound environmental policies and programs. Priority shall be given to applicants lacking the resources to identify, assess, and complete applications for economic assistance, and for those lacking the resources to develop and implement sustainable growth and other sound environmental policies and programs. The authority shall fund these grants and loans from any funds available to the authority or set aside for the authority's administrative expenses. The authority may not award more than two million five hundred thousand dollars (\$2,500,000) in grants and loans pursuant to this subdivision. This subdivision shall remain operative only until January 1, 2007, and as of that date is no longer operative, unless a later enacted statute that is enacted before January 1, 2007, deletes or extends that date.

- (f) To do all things generally necessary or convenient to carry out the purposes of this division.
- SEC. 6.5. Section 44526 of the Health and Safety Code is amended to read:
 - 44526. The authority is authorized:
- (a) To determine the location and character of any project to be financed under the provisions of this division, to lend financial assistance to any participating party, to construct, reconstruct, renovate, replace, lease, as lessor or lessee, and regulate the same, and to enter into contracts for the sale of any pollution control facilities, including installment sales or sales under conditional sales contracts, and to make loans to participating parties to lend financial assistance in the acquisition, construction, or installation of a project.
- (b) To issue bonds, notes, bond anticipation notes, and other obligations of the authority for any of its corporate purposes, and to fund or refund the same, all as provided in this division.
- (c) To fix fees and charges for pollution control facilities, and to revise from time to time those fees and charges, and to collect rates, rents, fees, and charges for the use of and for any facilities or services furnished, or to be furnished, by a project or any part thereof and to contract with any person, partnership, association, corporation, or public agency with respect thereto, and to fix the terms and conditions upon which any pollution control facilities may be sold or disposed of, whether upon installment sales contracts or otherwise.
- (d) To employ and fix the compensation of bond counsel, financial consultants, and advisers as may be necessary in its judgment in connection with the issuance and sale of any bonds, notes, bond anticipation notes, or other obligations of the authority; to contract for engineering, architectural, accounting, or other services of appropriate agencies as may be necessary in the judgment of the

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authority for the successful development of any project; and to pay the reasonable costs of consulting engineers, architects, accountants, and construction experts employed by any participating party if, in the judgment of the authority, those services are necessary to the successful development of any project, and those services are not obtainable from any public agency.

- (e) To receive and accept loans, contributions, or grants, in money, property, labor, or other things of value, for, or in aid of, the authority in carrying out the purposes of this division, from any source including, but not limited to, the federal government, the state, or any agency of the state, any local government or agency thereof, or any nonprofit or for-profit private entity or individual.
- (f) To apply for, and accept, subventions, grants, loans, advances, and contributions from any source, of money, property, labor, or other things of value. The sources may include, but are not limited to, bond proceeds, dedicated taxes, state appropriations, federal appropriations, federal grant and loan funds, public and private sector retirement system funds, and proceeds of loans from the Pooled Money Investment Account.
- (g) To provide grants and loans to any city or county deemed eligible by the authority. The grants and loans shall be used to assist neighborhoods suffering from high California unemployment levels, or from low-income levels, to assist cities and counties in developing and implementing growth policies and programs that reduce pollution hazards and the degradation of the environment, or in promoting infill development to revitalize these communities. The grants and loans may be used to employ the technical expertise necessary to identify, assess, and complete applications for state, federal, and private economic assistance programs that develop and implement sustainable development and sound environmental policies and programs. Priority shall be given to applicants lacking the resources to identify, assess, and complete applications for economic assistance, and for those lacking the resources to develop and implement sustainable growth and other sound environmental policies and programs. The authority shall fund these grants and loans from any funds available to the authority or set aside for the authority's administrative expenses. The authority may not award more than two million five hundred thousand dollars (\$2,500,000) in grants and loans pursuant to this subdivision. This subdivision shall remain operative only until January 1, 2007, and as of that date is no longer operative, unless a later enacted statute that is enacted before January 1, 2007, deletes or extends that date.
- (h) (1) To provide a loan, directly, or indirectly through one or more public or private sector intermediaries, to any city, county, school district, redevelopment agency, financial institution, as defined by subdivision (d) of Section 44559.1, for-profit or not-for-profit organization, or participating party, as defined in

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Section 44506, to assist in financing, among other things, the costs of performing or obtaining brownfield site assessments, remedial action plans and reports, technical assistance, the cleanup, remediation, or development of brownfield sites, or any other similar or related costs, subject to all applicable federal, state, and local laws, procedures, and regulations.

- (2) The authority shall establish standards and criteria to ensure that a recipient of direct or indirect financing for cleanup or remediation pursuant to this subdivision has the necessary financial resources and expertise to successfully and appropriately complete the cleanup or remediation of the property.
- (3) The authority may pay all, or a portion, of the associated program development and implementation costs of any public or private sector intermediaries through which a loan is made. A loan authorized by this subdivision is subject to both of the following:
- (A) A loan may be used in connection with a brownfield site prior to a determination of whether the site has a reasonable potential for economically beneficial reuse.
- (B) A loan may be made upon the terms determined by the authority and may provide for any rate of interest or no interest.
- (4) The authority shall fund a loan made pursuant to this subdivision from any funds available to it, from any funds set aside for the authority's administrative expenses, or from any small business assistance fund established for these purposes pursuant to Section 44548.
- (5) The authority may waive repayment of all, or a portion, of any loan made pursuant to this subdivision, upon the conditions to be determined by the authority, and the amount so waived shall be deemed a grant to the recipient.
- (i) To do all things generally necessary or convenient to carry out the purposes of this division.
- SEC. 7. Section 1.5 of this bill incorporates amendments to Section 44501 of the Health and Safety Code proposed by both this bill and SB 1986. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2001, (2) each bill amends Section 44501 of the Health and Safety Code, and (3) this bill is enacted after SB 1986, in which case Section 1 of this bill shall not become operative.
- SEC. 8. Section 2.5 of this bill incorporates amendments to Section 44502 of the Health and Safety Code proposed by both this bill and SB 1986. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2001, (2) each bill amends Section 44502 of the Health and Safety Code, and (3) this bill is enacted after SB 1986, in which case Section 2 of this bill shall not become operative.
- SEC. 9. Section 3.5 of this bill incorporates amendments to Section 44520 of the Health and Safety Code proposed by both this

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bill and SB 1986. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2001, (2) each bill amends Section 44520 of the Health and Safety Code, and (3) this bill is enacted after SB 1986, in which case Section 3 of this bill shall not become operative.

SEC. 10. Section 6.5 of this bill incorporates amendments to Section 44526 of the Health and Safety Code proposed by both this bill and SB 1986. It shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2001, (2) each bill amends Section 44526 of the Health and Safety Code, and (3) this bill is enacted after SB 1986, in which case Section 6 of this bill shall not become operative.